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INCREASED CANADIAN ABORIGINAL EDUCATION COULD BOOST GDP BY \$261 BILLION

The Centre for the Study of Living Standards (CSLS) today released the 28th issue of the *International Productivity Monitor*. The table of contents of the issue and links to the articles are below. Of particular interest is the article by Matthew Calver entitled “Closing the Aboriginal Education Gap in Canada: The Impact on Employment, GDP, and Labour Productivity.” The key findings of this article are highlighted below.

- The lower educational attainment of Aboriginal people in Canada is a well-documented concern, but it is less well known that this situation is holding back the level of Canada’s GDP. Closing the Aboriginal education gap in Canada would cumulatively increase Canadian GDP by \$261 billion (2010 dollars) between 2011 and 2031.
- It is a recognized fact that Aboriginal peoples in Canada have also suffered from lower average incomes than their non-Aboriginal counterparts. One barrier to higher incomes among this population is lower education levels. Closing the Aboriginal education gap in Canada would increase Canadian Aboriginal income by \$11,236 (2010 dollars) in 2031.
- Labour productivity growth has been weaker in Canada in recent years. Closing the Aboriginal education gap would partially solve concerns arising from this stagnation, since labour productivity growth would increase by an additional 0.03 percentage points per year over 2011-2031. Employment growth would also increase by an additional 0.02 percentage points per year during this period.

Another article of particular interest is the article by Mathieu Dufour and Ellen Russell entitled “Why Isn’t Productivity More Popular? A Bargaining Power Approach to the Pay/Productivity Linkage in Canada.” The key findings of this article are highlighted below.

- Pro-productivity policies in Canada are not a popular topic and politicians avoid using the P-word.
- This article suggests that this may be because the link between productivity and wages in Canada is becoming less robust over time.
 - Canadian real income has increasingly lagged behind productivity growth. By 2011, average labour income per hour was \$32.20 (2011 dollars), while it would have been \$36.97 if it had followed average productivity growth since 1961; instead the \$4.77 went to employers.
- Surprisingly, the article argues that the link has been undermined by productivity policies themselves: public policies that sought to promote productivity growth may have unknowingly contributed to the erosion of worker bargaining power, subsequently reducing workers' capacity to benefit from productivity growth.

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The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards and economic wellbeing in Canada through research.

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